

Message Text

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64

ACTION SS-30

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 6292

S E C R E T LONDON 14508

EXDIS

E.O. 11652: XGDS-1

TAGS: MARR, UK

SUBJECT: BRITISH DEFENSE SPENDING

REF: LONDON 14006 AND 14162; STATE 243139

1. WE SPOKE TO THOMSON AGAIN DEC. 7 ABOUT POSSIBILITY LONGER-TERM REDUCTIONS IN BRITISH DEFENSE SPENDING WOULD BE BROACHED IN FEBRUARY DEFENCE WHITE PAPER. HE STILL DOUBTED THAT THESE WOULD SURFACE IN WHITE PAPER, ALTHOUGH HE WAS NOT ABLE TO BE CATEGORIC AT THIS TIME. (COMMENT: AS WE NOTED IN LONDON 14162, THE FEBRUARY DEFENCE WHITE PAPER MAY WELL REFLECT SOME CHANGE IN LEVEL OF DEFENSE SPENDING FOR FY 75, I.E. NO INCREASE OVER FY 74 AND POSSIBLY SLIGHT DECREASE.)

2. DURING CONVERSATION DEC. 7, THOMSON DEVELOPED CONCEPT OF CURRENT INTERDEPARTMENTAL STUDY ON DEFENSE EXPENDITURES FOR POST-FY 76 PERIOD. THIS STUDY, HE SAID, HAS BEEN UNDERWAY FOR SOME TIME, INVOLVING FCO, MOD AND TREASURY. FCO ONLY RECENTLY BECAME ACTIVELY INVOLVED IN STUDY (AFTER THOMSON'S RETURN TO FCO). ALTHOUGH STUDY IS OF LONG STANDING, BLEAK ECONOMIC OUTLOOK FOR UK HAS GIVEN URGENCY TO CARRYING IT FORWARD, AND THOMSON NOTED THAT INTERDEPARTMENTAL MEETINGS OCCUR WITH FREQUENCY.

3. THOMSON SAID STUDY GROUP HAS NOT PROCEEDED FROM ANY
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A PRIOR ASSUMPTIONS ABOUT AMOUNTS OF MONEY TO WHICH

STUDY CONCLUSIONS MUST BE TAILORED. FCO HOPES THAT THERE WILL BE NO FIXED MONETARY GUIDELINES BUT ARE NOT SURE THAT TREASURY WILL NOT INSIST ON SOME. REALISTICALLY, IT MUST BE EXPECTED, THOMSON INDICATED, THAT RESOURCES AVAILABLE FOR DEFENSE WILL BECOME INCREASINGLY TIGHT. THOMSON SAID THAT FCO HOPES IT WILL BE POSSIBLE TO WORK OUT A SET OF NATIONAL SECURITY PRIORITIES FOR UK AND THAT ADEQUATE FUNDS WILL BE ALLOCATED TO SUPPORT THOSE OBJECTIVES. IF, AS APPEARS PROBABLE, THERE WILL HAVE TO BE REDUCTIONS, FCO HOPES THAT THEY WILL BE IMPLEMENTED IN LOGICAL WAY IN CONSONANCE WITH BRITAIN'S CAREFULLY*THOUGHT-OUT AND IDENTIFIED STRATEGIC INTERESTS.

4. FINALLY, THOMSON SAID THAT IT WAS *OPED TO AVOID PRODUCING A "REVIEW" SUCH AS LABOR CARRIED**OUT IN THE 1960.S WITH ITS IMPLICATIONS OF SIGNIFICANT DEPARTURES IN DEFENSE POLICY.

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